

TOWN OF HATCH
FINANCIAL STATEMENTS
JUNE 30, 2006

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Honorable Mayor and Town Board
Hatch Town
Hatch, Utah 84735

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Hatch Town as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 12 and 37 through 39, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

Richfield, Utah
November 14, 2006

**HATCH TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006**

This discussion of Hatch Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2006. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and public improvements, culture and recreation.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$498,689 (net assets). Of this amount, \$131,659 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$17,541. The revenues were more than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental fund reported ending fund balance of \$71,297, an increase of \$19,827 in comparison with the prior year. Approximately 35 percent of this total amount \$24,651, is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$24,651, or 61 percent of total general fund expenditures.
- * The Town's total debt decreased by \$10,659 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and public improvements, and culture and recreation. The business-type activity of the Town is the water operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Hatch Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The Town adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Hatch Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hatch Town's, assets exceeded liabilities by \$498,689 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (63 percent) reflects its investment in capital assets (e.g. land, buildings machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$131,659 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Hatch Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	71,297	51,470	114,075	108,294	185,372	159,764
Capital Assets	83,936	90,244	340,444	352,639	424,380	442,883
Total Assets	155,233	141,714	454,519	460,933	609,752	602,647
Long-Term Liabilities	-	17,942	100,000	103,557	100,000	121,499
Other Liabilities	9,037	-	1,803	-	10,840	-
Total Liabilities	9,037	17,942	101,803	103,557	110,840	121,499
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	74,899	72,302	238,641	249,082	313,540	321,384
Restricted	46,646	41,984	6,844	6,142	53,490	48,126
Unrestricted	24,651	9,486	107,008	102,152	131,659	111,638
Total Net Assets	146,196	123,772	352,493	357,376	498,689	481,148

Governmental Activities

Governmental activities increased Hatch Town's net assets by \$22,424.

Hatch Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	10,465	9,696	42,710	21,500	53,175	31,196
Operating Grants	12,751	18,836	-	-	12,751	18,836
General Revenues:						
Property Taxes	7,473	28,723	-	-	7,473	28,723
Fee-in-lieu	1,638	1,085	-	-	1,638	1,085
Other Taxes	20,334	-	-	-	20,334	-
Other	5,608	-	-	-	5,608	-
Unrestricted Investment Earnings	1,715	481	2,715	1,529	4,430	2,010
Total Revenues	59,984	58,821	45,425	23,029	105,409	81,850
Expenses:						
General Government	20,133	17,543	-	-	20,133	17,543
Public Safety	5,968	6,664	-	-	5,968	6,664
Highways and Public Improvements	3,219	7,518	-	-	3,219	7,518
Sanitation	3,630	-	-	-	3,630	-
Culture and Recreation	3,458	3,405	-	-	3,458	3,405
Economic Development	1,152	-	-	-	1,152	-
Interest on long-term debt	-	-	5,266	3,772	5,266	3,772
Water Operations	-	-	45,042	30,793	45,042	30,793
Total Expenses	37,560	35,130	50,308	34,565	87,868	69,695
Increase in Net Assets	22,424	23,691	(4,883)	(11,536)	17,541	12,155
Net Assets - Beginning	123,772	100,081	357,376	368,912	481,148	468,993
Net Assets - Ending	146,196	123,772	352,493	357,376	498,689	481,148

* The City received operating grants of \$12,751. Of this amount, \$10,264 was received for Class C Roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities decreased the Town's net assets by \$4,883.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental fund (general fund) reported an ending fund balance of \$71,297, an increase of \$19,827 in comparison with the prior year. Approximately 35 percent of this amount, \$24,651, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to the Fire Department for \$46,646.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 61 percent of total general fund expenditures, while total fund balance represents 178 percent of that same amount.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$107,008. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

There were no differences between the beginning and ending budgets.

Actual revenues were more than budgeted revenues by \$3,937 and actual expenditures were less than budgeted expenditures by \$15,890 resulting in a net increase in fund balance of \$19,827.

Capital Asset and Debt Administration

Capital Assets

Hatch Town's investment in capital assets for its governmental activities as of June 30, 2006, was \$83,936 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and highways.

The Town had no capital additions in the general fund this year.

Hatch Town's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	2,200	2,200	-	-	2,200	2,200
Infrastructure	-	-	-	-	-	-
Buildings	81,736	125,644	-	-	81,736	125,644
Equipment	-	35,751	-	3,517	-	39,268
Water System	-	-	340,444	487,800	340,444	487,800
Total	83,936	163,595	340,444	491,317	424,380	654,912

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$110,840. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Hatch Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue Bonds	9,037	17,942	101,803	103,557	110,840	121,499

State statutes limit the amount of general obligation debt a governmental entity may issue which is 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

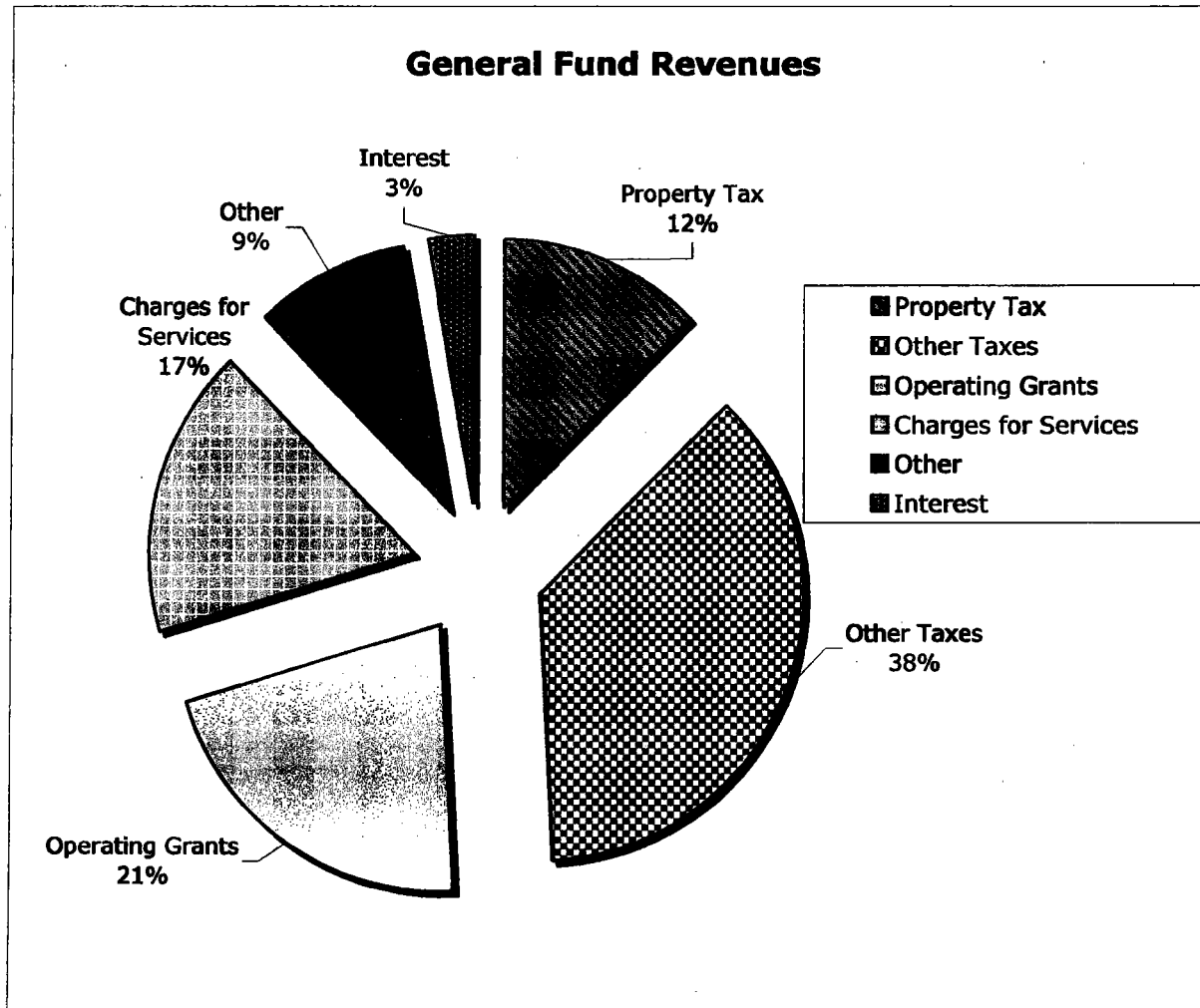
Additional information on Hatch Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Hatch Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hatch Town Clerk, P.O. Box 625, Hatch, Utah, 84735.

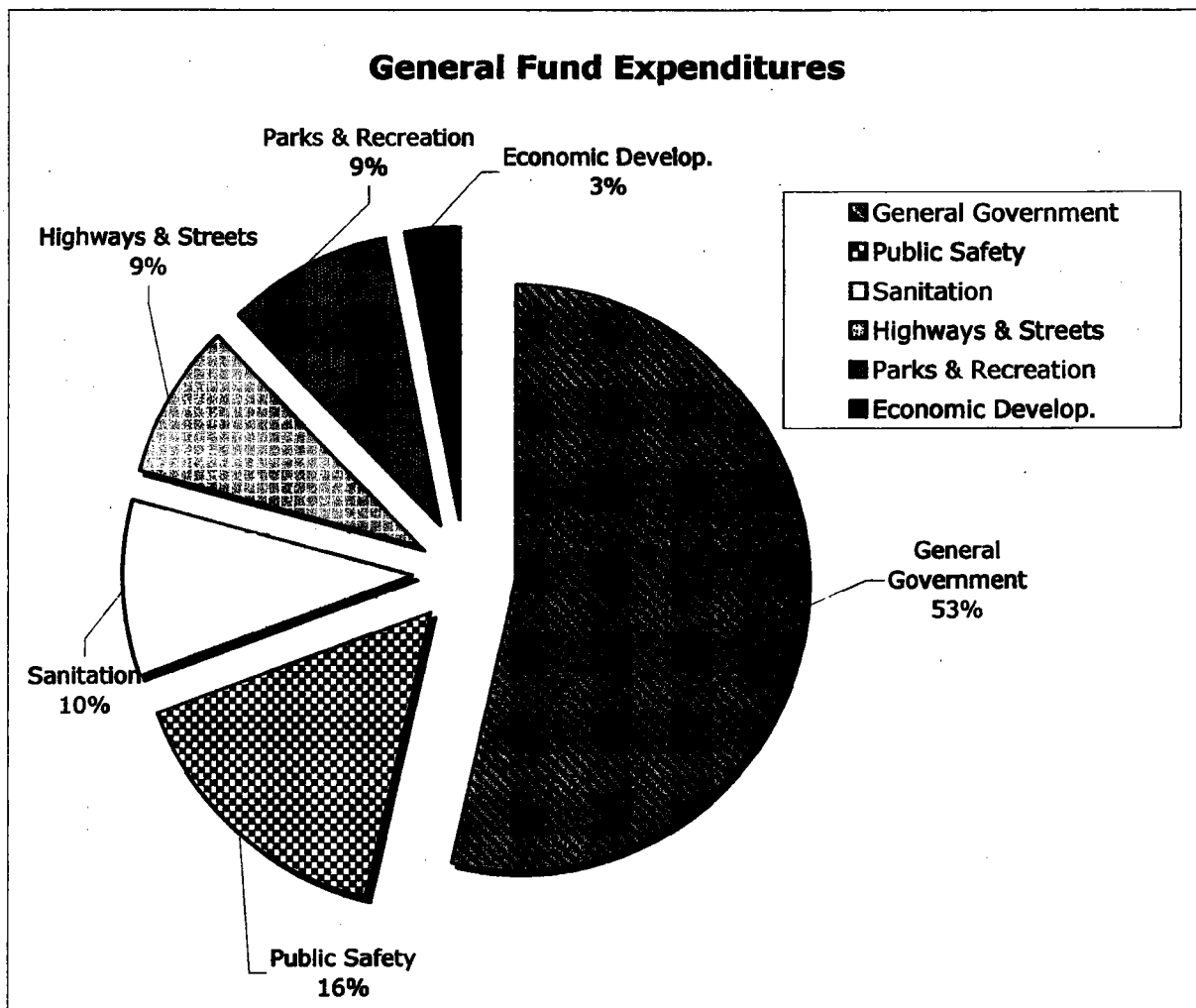
HatchTown
General Fund Revenues
For The Fiscal Year Ended June 30, 2006

Property Tax	7,473
Other Taxes	21,972
Operating Grants	12,751
Charges for Services	10,465
Other	5,608
Interest	<u>1,715</u>
Total	<u>59,984</u>



Hatch Town
General Fund Expenditures
For The Fiscal Year Ended June 30, 2006

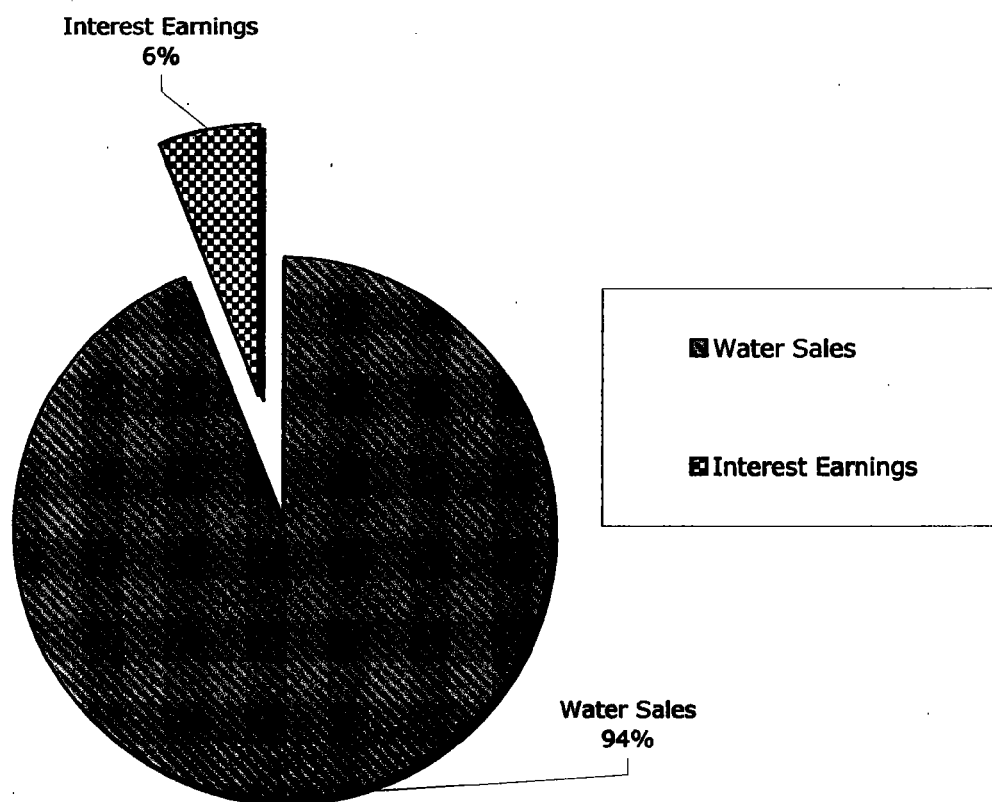
General Government	20,133
Public Safety	5,968
Sanitation	3,630
Highways & Streets	3,219
Parks & Recreation	3,458
Economic Develop.	1,152
Total	<u>37,560</u>



**Hatch Town
Business -Type Revenues
For The Fiscal Year Ended June 30, 2006**

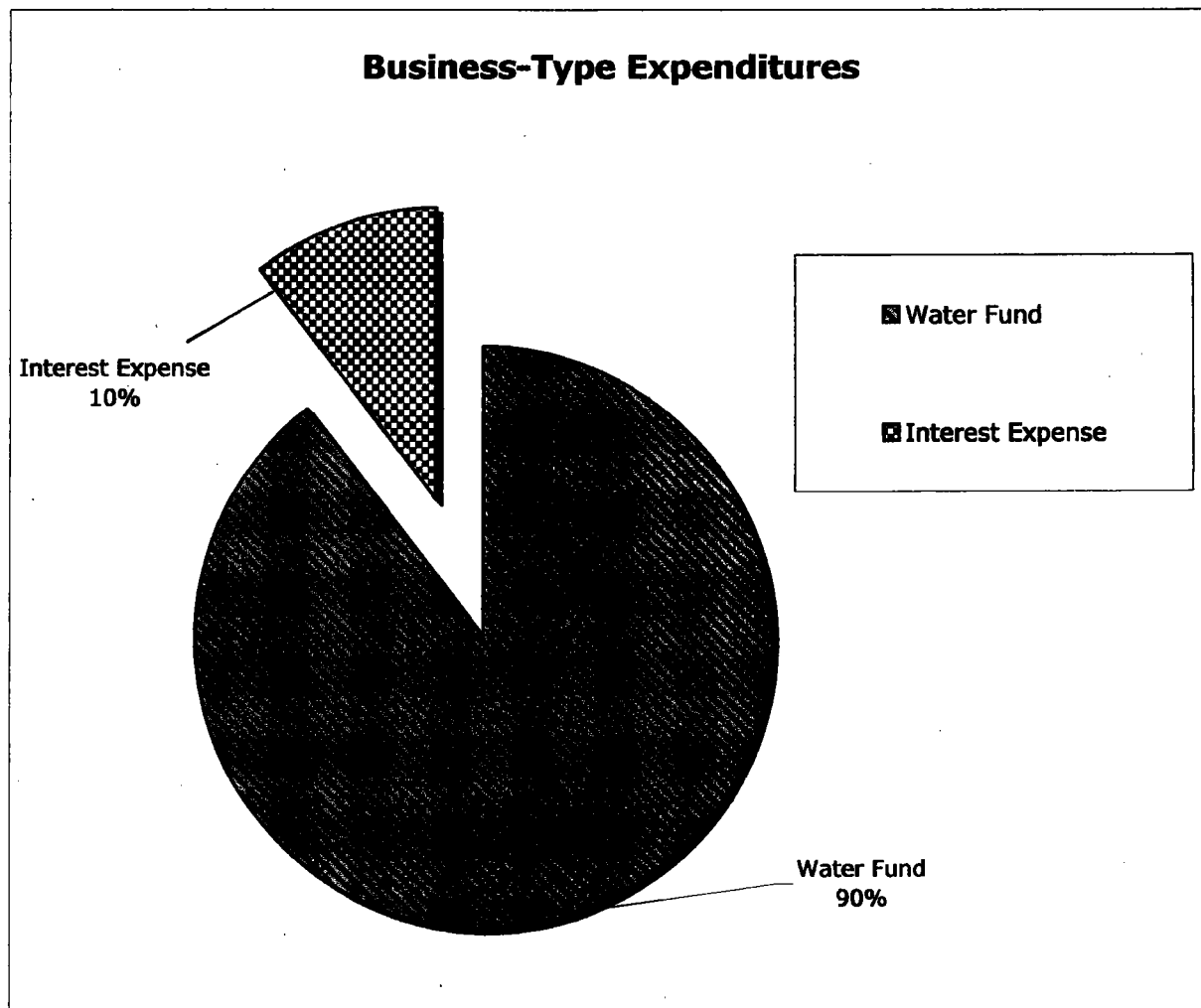
Water Sales	42,710
Interest Earnings	<u>2,715</u>
Total	<u><u>45,425</u></u>

Business-Type Revenues



Hatch Town
Business-Type Expenditures
For The Fiscal Year Ended June 30, 2006

Water Fund	45,042
Interest Expense	<u>5,266</u>
Total	<u><u>50,308</u></u>



(This page contains no information and
is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

HATCH TOWN STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	64,928	90,593	155,521
Accounts Receivable (Net)	6,369	16,415	22,784
Total Current Assets	71,297	107,008	178,305
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	6,844	6,844
Capital Assets (Net of Accumulated Depreciation):			
Land	2,200	-	2,200
Buildings	81,736	-	81,736
Water Systems	-	340,444	340,444
Total Noncurrent Assets	83,936	347,288	431,224
TOTAL ASSETS	155,233	454,296	609,529
LIABILITIES			
Current Liabilities:			
Revenue Bonds Payable - Due Within One Year	9,037	1,803	10,840
Total Current Liabilities	9,037	1,803	10,840
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	100,000	100,000
Total Noncurrent Liabilities	-	100,000	100,000
TOTAL LIABILITIES	9,037	101,803	110,840
NET ASSETS			
Investment in Capital Assets, Net of Debt	74,899	238,641	313,540
Restricted For:			
Bond Retirement	-	6,844	6,844
Fire Department	46,646	-	46,646
Unrestricted	24,651	107,008	131,659
TOTAL NET ASSETS	146,196	352,493	498,689
TOTAL LIABILITIES AND NET ASSETS	155,233	454,296	609,529

See accompanying notes and accountant's report.

HATCH TOWN STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets		
	Charges for Operating Grants/ Capital Grants/ Services		Contributions	Contributions	Governmental Activities	Business-Type Activities	Total
Function/Programs Primary Government:							
Governmental Activities:							
General Government	20,133	847	-	-	(19,286)	-	(19,286)
Public Safety	5,968	2,105	2,487	-	(1,376)	-	(1,376)
Highways and Public Improvements	3,219	-	10,264	-	7,045	-	7,045
Sanitation	3,630	4,302	-	-	672	-	672
Park and Recreation	3,458	3,211	-	-	(247)	-	(247)
Economic Development	1,152	-	-	-	(1,152)	-	(1,152)
Interest on Long-Term Debt	-	-	-	-	-	(5,266)	(5,266)
Total Governmental Activities	37,560	10,465	12,751	-	(14,344)	(5,266)	(19,610)
Business-Type Activities:							
Water Fund	45,042	42,710	-	-	-	(2,332)	(2,332)
Total Primary Government	82,602	53,175	12,751	-	(14,344)	(7,598)	(21,942)
General Revenues:							
Property Taxes					7,473	-	7,473
Fee-In-Lieu of Property Taxes					1,638	-	1,638
Sales Taxes					16,959	-	16,959
Other Taxes					3,375	-	3,375
Unrestricted Investment Earnings					1,715	2,715	4,430
Miscellaneous					5,608	-	5,608
Total General Revenues and Transfers					36,768	2,715	39,483
Change in Net Assets							
					22,424	(4,883)	17,541
Net Assets - Beginning					123,772	357,376	481,148
Net Assets - Ending					146,196	352,493	498,689

See accompanying notes and accountant's report.

**HATCH TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	64,928
Accounts Receivable (Net)	<u>6,369</u>
TOTAL ASSETS	<u><u>71,297</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	<u>-</u>
Fund Balances:	
Reserved For:	
Fire Department	46,646
Unreserved, Reported In:	
General Fund	<u>24,651</u>
Total Fund Balance	<u><u>71,297</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>71,297</u></u>

See accompanying notes and accountant's report.

HATCH TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2006

Total Fund Balances - Governmental Fund Types	71,297
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	2,200	
Buildings	<u>81,736</u>	
 Total		 83,936

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds		<u>(9,037)</u>
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Net Assets of Government Activities	<u><u>146,196</u></u>
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HATCH TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
Revenues:	
Taxes	29,445
Licenses and Permits	310
Intergovernmental Revenue	12,751
Charges for Services	10,155
Interest	1,715
Miscellaneous Revenues	<u>5,608</u>
 Total Revenues	 <u>59,984</u>
 Expenditures:	
Current:	
General Government	16,078
Public Safety	3,715
Highways and Public Improvements	12,124
Sanitation	3,630
Parks and Recreation	3,458
Economic Development	<u>1,152</u>
 Total Expenditures	 <u>40,157</u>
 Net Change In Fund Balance	 19,827
 Fund Balance - Beginning	 <u>51,470</u>
 Fund Balance - Ending	 <u><u>71,297</u></u>

See accompanying notes and accountant's report.

HATCH TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	19,827
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Depreciation Expense	(6,308)
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Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds:

Lease Revenue Bonds Payable	<u>8,905</u>
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Changes In Net Assets of Governmental Activities	<u><u>22,424</u></u>
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**HATCH TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	90,593
Due From Other Governments	<u>16,415</u>
Total Current Assets	<u>107,008</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	6,844
Capital Assets: (Net of Accum. Depr.)	
Water System	<u>340,444</u>
Total Noncurrent Assets	<u>347,288</u>
TOTAL ASSETS	<u><u>454,296</u></u>
LIABILITIES:	
Current Liabilities:	
Bonds Payable - Current Portion	1,803
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>100,000</u>
TOTAL LIABILITIES	<u>101,803</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	238,641
Restricted for Bonded Retirement	6,844
Unrestricted	<u>107,008</u>
TOTAL NET ASSETS	<u>352,493</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>454,296</u></u>

See accompanying notes and accountant's report.

HATCH TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2006

	Business-Type Activity <u>Enterprise</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water	40,634
Water Connection Fees	1,000
Other	<u>1,076</u>
Total Operating Revenues	<u>42,710</u>
Operating Expenses:	
Personal Services	4,838
Contractual Services	1,290
Materials and Supplies	21,238
Depreciation	12,195
Other	<u>5,481</u>
Total Operating Expenses	<u>45,042</u>
Operating Income	<u>(2,332)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	2,715
Interest Expense	<u>(5,266)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,551)</u>
Change in Net Assets	(4,883)
Total Net Assets - Beginning	<u>357,376</u>
Total Net Assets - Ending	<u><u>352,493</u></u>

See accompanying notes and accountant's report.

**HATCH TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	28,081
Payments to Suppliers	(28,009)
Payments to Employees	<u>(4,838)</u>
Net Cash Provided by Operating Activities	<u>(4,766)</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Capital Debt	(1,754)
Interest Paid on Capital Debt	<u>(5,266)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,020)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>2,715</u>
Net Cash Provided (Used) by Investing Activities	<u>2,715</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,071)
Cash and Cash Equivalents - Beginning	<u>106,508</u>
Cash and Cash Equivalents - Ending	<u><u>97,437</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>(2,332)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	
Depreciation	12,195
Increase (Decrease) in Operating Assets:	
Accounts Receivable	<u>(14,629)</u>
Total Adjustments	<u>(2,434)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(4,766)</u></u>

See accompanying notes and accountant's report.

**HATCH TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hatch Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Hatch Town is a municipal corporation in Garfield County, Utah. It is governed by an elected mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Hatch Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Hatch Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the Town water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water Systems	50 Years
Equipment	5 - 10 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes:

Property taxes are assessed and collected for the Town by Garfield County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town board on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town board without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

Hatch Town maintains a cash investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At year end, the carrying amount of the Town's deposits was \$44,765 and the bank balances were \$56,129. All of the bank balances were covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Cash on hand is \$200.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2006, consist of the following:

	<u>Fair Value</u>
Cash on Hand	200
Demand Deposits - Checking	44,765
Investment - PTIF	<u>117,400</u>
Total Cash and Investments	<u><u>162,365</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	64,928
Business-Type Activities - Unrestricted	90,593
Business-Type Activities - Restricted	<u>6,844</u>
Total Cash and Cash Equivalents	<u><u>162,365</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$56,129 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the UMMA.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$117,400 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the UMMA. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

The water revenue bonds require a reserve of one annual payment of \$7,020 be accumulated over a 120 month period beginning October 1993. The balance of the reserve at June 30, 2006, is \$6,844.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	2,200	-	-	2,200
Total Capital Assets Not Being Depreciated	2,200	-	-	2,200
Capital Assets Being Depreciated:				
Buildings and Improvements	125,644	-	-	125,644
Machinery and Equipment	35,751	-	-	35,751
Total Capital Assets Being Depreciated	161,395	-	-	161,395
Less Accumulated Depreciation For:				
Buildings and Improvements	40,387	3,521	-	43,908
Machinery and Equipment	32,964	2,787	-	35,751
Total Accumulated Depreciation	73,351	6,308	-	79,659
Total Capital Assets Being Depreciated (Net)	88,044	(6,308)	-	81,736
Governmental Activities Capital Assets, Net	90,244	(6,308)	-	83,936

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Water System	<u>487,800</u>	<u>-</u>	<u>-</u>	<u>487,800</u>
Total Capital Assets Being Depreciated	<u>487,800</u>	<u>-</u>	<u>-</u>	<u>487,800</u>
Less Accumulated Depreciation For:				
Water System	<u>135,161</u>	<u>12,195</u>	<u>-</u>	<u>147,356</u>
Total Accumulated Depreciation	<u>135,161</u>	<u>12,195</u>	<u>-</u>	<u>147,356</u>
Total Capital Assets Being Depreciated (Net)	<u>352,639</u>	<u>(12,195)</u>	<u>-</u>	<u>340,444</u>
Business Type Activities Capital Assets, Net	<u>352,639</u>	<u>(12,195)</u>	<u>-</u>	<u>340,444</u>
Total Capital Assets	<u><u>442,883</u></u>	<u><u>(18,503)</u></u>	<u><u>-</u></u>	<u><u>424,380</u></u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	4,055	-	4,055
Public Safety	2,253	-	2,253
Public Health	<u>-</u>	<u>12,195</u>	<u>12,195</u>
Total Depreciation Expense	<u><u>6,308</u></u>	<u><u>12,195</u></u>	<u><u>18,503</u></u>

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT

Water Revenue Bonds Payable:

On October 8, 1993, the Town issued Water Revenue Bonds in the amount of \$118,900 to Farmers Home Administration for the purpose of helping to finance the cost of constructing and installing new collection, storage and transmission facilities and additions to the water distribution system and in other ways improving the existing water system.

The bond calls for monthly payments by the Town of \$585.00 including interest at 5.125% over 40 years. The balance at June 30, 2006, was \$101,803.

The following is a five year amortization of Water Revenue Bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 - 2007	1,803	5,217	7,020
2007 - 2008	1,895	5,125	7,020
2008 - 2009	1,992	5,028	7,020
2009 - 2010	2,094	4,926	7,020
2010 - 2011	2,202	4,818	7,020
2012 - 2016	12,821	22,279	35,100
2017 - 2021	16,460	18,640	35,100
2022 - 2026	21,132	13,968	35,100
2027 - 2031	27,132	7,968	35,100
2032 - 2036	14,272	1,212	15,484
Total	<u>101,803</u>	<u>89,181</u>	<u>190,984</u>

The following schedule is a summary of changes in Water Revenue Bonds payable:

	<u>Total</u>	<u>Outstanding</u>	<u>Current Year Changes</u>		<u>Outstanding</u>
	<u>Authorized</u>	<u>June 30, 2005</u>	<u>Issued</u>	<u>Matured</u>	<u>June 30, 2006</u>
1993 Water					
Revenue Bond					
FHA - 5.125%	<u>118,900</u>	<u>103,557</u>	<u>-</u>	<u>1,754</u>	<u>101,803</u>

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

General Long-Term Debt:

Lease Revenue Bond:

On July 19, 2001, the Town obtained a lease revenue bond from Zions First National Bank for the purpose of improving its Class C roads in Town. The Town borrowed \$42,500 with an interest rate of 5.3% over term of 60 months. Payments are due on July 19 of each year beginning on July 19, 2002, and continuing until 2006. The amount of the payment, including interest and principal is \$9,897.98. Payments will be made from Class C road funds.

The following is an amortization schedule of Lease Revenue Bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 - 2007	<u>9,037</u>	<u>479</u>	<u>9,516</u>

The following schedule is a summary of changes in Lease Revenue Bonds payable:

	<u>Total</u>	<u>Outstanding</u>	<u>Current Year Changes</u>		<u>Outstanding</u>
	<u>Authorized</u>	<u>June 30, 2005</u>	<u>Issued</u>	<u>Matured</u>	<u>June 30, 2006</u>
2001 Lease					
Revenue Bond					
Zions - 5.3%	<u>42,500</u>	<u>17,942</u>	<u>-</u>	<u>8,905</u>	<u>9,037</u>

NOTE 6 - RESERVED AND DESIGNATED FUND BALANCES

Reserves and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure or is legally segregated for a specific future use. At June 30, 2006, Hatch Town's reserved fund balances are as follows

General Fund:

Fire Department 46,646

Water Fund:

Debt Reserves 6,142

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - RESERVED FUND BALANCE - CLASS "C" ROAD

The Town receives Class "C" Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as reserved fund balance in the financial statements.

The following is schedule of receipts and disbursements in Class "C" Road:

Fund Balance - Beginning of Year	-
Receipts:	
State Allotments	10,159
Interest	<u>105</u>
Total Receipts	10,264
Disbursements	<u>(10,264)</u>
Fund Balance - End of Year	<u><u>-</u></u>

NOTE 8 - RESERVED FUND BALANCE - FIRE DEPARTMENT

The Town receives funds from Garfield County and collects fees from residents for fire protection. The unexpended portion of these funds are shown as reserved fund balance.

The following is schedule of receipts and disbursements in the Fire Department:

Fund Balance - Beginning of Year	41,984
Receipts:	
Fire Protection Fees	2,105
Fire Grants	2,448
Fund Raising	3,377
Interest	<u>447</u>
Total Receipts	8,377
Disbursements	<u>(3,715)</u>
Fund Balance - End of Year	<u><u>46,646</u></u>

HATCH TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in the Utah Local Governments Trust. The insurance coverages are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

Liability:

The Town is insured for \$2,000,000 combined single limit with a \$500 deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage \$2,000,000 aggregate each policy period with a \$500 deductible each accident.

Automobile Liability:

The Town is insured for automobile bodily injury for \$2,000,000 combined single limit per accident with a \$250 deductible each accident. Property damage \$1,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

Property:

All of the property coverage is insured through Utah Local Government Trust. Buildings and equipment are covered based on appraised value with 80% coinsurance subject to a \$1,000 deductible.

Workers Compensation:

This coverage is provided through the Utah Local Government Trust.

The Town has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**HATCH TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes	8,300	8,300	7,473	(827)
General Sales and Use Taxes	16,000	16,000	16,959	959
Fee-In-Lieu	500	500	1,638	1,138
Franchise Taxes	500	500	3,375	2,875
Total Taxes	25,300	25,300	29,445	4,145
Licenses and Permits:				
Business Licenses	100	100	310	210
Intergovernmental Revenue:				
Class C Road	11,203	11,203	10,264	(939)
State Liquor Allotment	10	10	39	29
Grant - Fire Department	2,260	2,260	2,448	188
Total Intergovernmental Revenue	13,473	13,473	12,751	(722)
Charges for Services:				
Fire Protection Fees	2,400	2,400	2,105	(295)
Garbage Collection	100	100	4,302	4,202
T. V. Maintenance Fees	3,000	3,000	3,086	86
Parks and Recreation Fees	50	50	125	75
Other	715	715	537	(178)
Total Charges for Services	6,265	6,265	10,155	3,890
Miscellaneous Revenue:				
Interest	1,450	1,450	1,715	265
Other	1,350	1,350	5,608	4,258
Use of Fund Balance	8,109	8,109	-	(8,109)
Total Miscellaneous Revenue	10,909	10,909	7,323	(3,586)
Total Revenues	56,047	56,047	59,984	3,937

Continued

**HATCH TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Expenditures:				
General Government:				
Administration	7,210	7,210	10,647	(3,437)
Non-Departmental	2,000	2,000	5,431	(3,431)
Total General Government	9,210	9,210	16,078	(6,868)
Public Safety:				
Fire Protection	3,660	3,660	3,715	(55)
Highway and Public Improvements:				
Repairs and Maintenance	1,800	1,800	315	1,485
Construction	20,000	20,000	-	20,000
Other	11,897	11,897	11,809	88
Total Highways and Public Improvements	33,697	33,697	12,124	21,573
Sanitation	4,000	4,000	3,630	370
Culture and Recreation:				
Parks and Recreation	4,100	4,100	3,458	642
Other:				
T. V. Maintenance	1,380	1,380	1,152	228
Total Expenditures	56,047	56,047	40,157	15,890
Excess Revenues Over (Under) Expenditures	-	-	19,827	19,827
Fund Balance - Beginning			51,470	
Fund Balance - Ending			71,297	

HATCH TOWN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Fiscal Year Ended June 30, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the Town's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Board prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.